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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**RESOLUTION W-4300
September 20, 2001**

RESOLUTION

(RES. W-4300), DEL ORO WATER COMPANY, PARADISE PINES DISTRICT (DOWCPP). ORDER AUTHORIZING A RATE BASE OFFSET REVENUE INCREASE OF \$109,909 OR 11.11% ADDITIONAL ANNUAL REVENUE.

SUMMARY

By Advice Letter No. 102, filed August 1, 2001, DOWCPP requests a monthly increase of \$0.225 per 100 cubic feet in the quantity rate for all consumers to reflect an increase in rate base. This resolution grants DOWCPP's request for authority to increase rates by \$109,909 or 11.11% to recover costs of a new well.

BACKGROUND

The Paradise Pines District of the Del Oro Water Company (DOWCPP), filed an advice letter with the Water Advisory Branch (Branch) on August 1, 2001, requesting authority under General Order 96-A and Section 454 of the Public Utilities (PU) Code to adjust rates to recover the cost of drilling and placing into service a new well.

DOWCPP is a corporation, owned by Robert Fortino, providing water service to an area known as Fir Haven Subdivision, Sierra Del Oro Subdivisions, Paradise Pines Subdivision, and vicinity, located approximately 6 miles north of Paradise, Butte County. DOWCPP serves approximately 4,480 metered rate connections serving approximately 11,000 customers in the service area in and around the community of Paradise Pines in Butte County.

The current rates were established on August 23, 2001, pursuant to Res. W-4286 that authorized a surcharge producing an increase in revenue of \$94,885 or 8.91%, to offset costs of purchased water.

DOWCPP's main source of supply comes from three wells, which pump water from two distinct aquifers. Prior to the last serious drought in California, these sources of supply were sufficient to meet the needs of the service area without having to augment them with outside purchased water. These wells lost production during the drought, only some of which has returned, and water demand has increased because the utility now has more large water users, two new schools, for example. The community is gradually changing from a retirement area to a more traditional community. The mix of families in the service area has also changed so that now there are more families with children, and those families tend to use more water.

DISCUSSION

DOWCPP's water demand has increased, but the source of supply has dwindled. For purposes of finding additional sources of water, DOWCPP drilled two test wells in locations recommended by Richard C. Slade and Associates, Consulting Groundwater Geologists. The two exploratory holes were analyzed by Layne Geo-Sciences and it was determined that only one of the two-test holes merited development. DOWCPP developed Well No. 6 that shows promise. The total cost of the new well is \$603,576.

DOWCPP requests a monthly increase of \$0.225 per 100 cubic feet in the quantity rate for all consumers. The current rate is \$0.895 per 100 cubic feet. This would bring the proposed new rate to \$1.12 per 100 cubic feet.

The Branch analyzed DOWCPP's request, supporting workpapers, and supplementary data, and concurred with DOWCPP's estimates.

The utility's current rate structure consists of one schedule: No. PP-1A, Annual General Metered Service.

At the Branch's recommended rates, the monthly bill for a 5/8 x 3/4-inch metered customer using 10 Ccf of water will increase by \$2.25 from \$19.05 to \$21.30.

SERVICE, NOTICE, AND PROTESTS

A notice of the proposed rate increase was published in the August 2, 2001 edition of the Paradise Post in Paradise. Three protests have been received. Service is satisfactory. There are no significant service problems requiring corrective action.

COMPLIANCE

There are no outstanding Commission orders requiring system improvements.

The utility has been filing annual reports as required.

FINDINGS AND CONCLUSIONS

1. The rates recommended by the Branch are reasonable and should be authorized.

IT IS ORDERED that:

1. Del Oro Water Company's Paradise Pines District is authorized to make effective the revised rate Schedule PP-1, Annual General Metered Service, attached to Advice Letter No. 102 and concurrently to cancel its present effective rate schedule. The effective date of the new schedule shall be five days after the effective date of this resolution.

2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 20, 2001; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director